March 1982

MART

The Retailer's Magazine of Electronics/Appliance Profit Improvement

HIGHLIGHTS

BLANK TAPE

Volumes high, margins low, dealers complain 5

ELECTRONICS

VIDEO DISC: RCA cuts price, VHD gets ready 10

CAR STEREO: A status symbol? 13

APPLIANCES

GAS GRILLS: A look at trends in product, promos 27

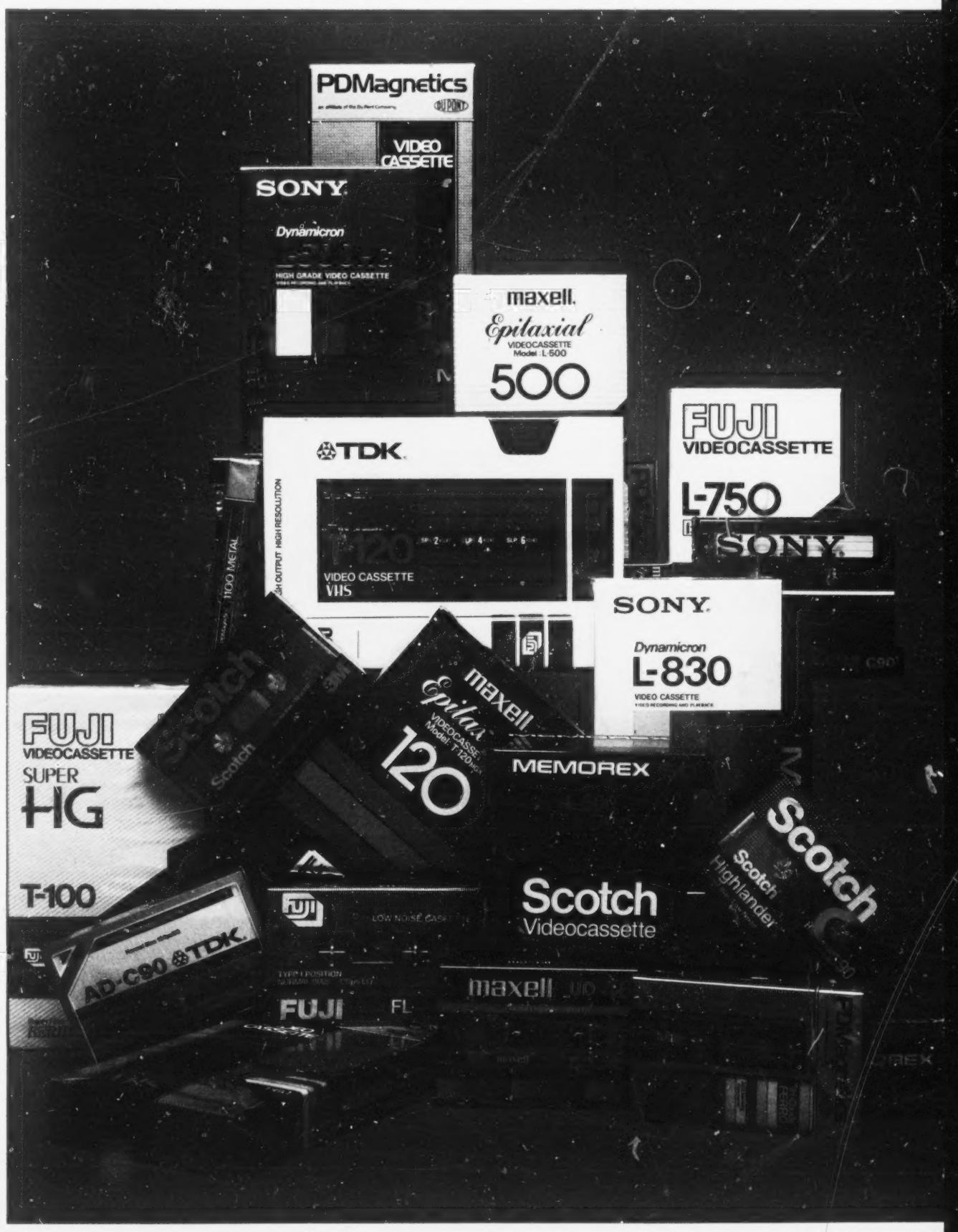
MODERN MAID: Manufacturing move won't affect sales 27

REFRIGERATORS: Where the market is headed in '82 29

MANAGEMENT

RETAIL INDEX: How dealer margins shaped up in '81 35

ADVERTISING: Unique approaches to housewares ads 40



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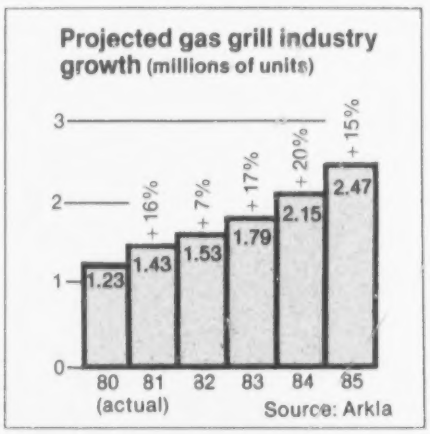
CONSUMER ELECTRONICS

16

Blank tape: volumes high, profits low 5
RCA price cut to spur disc sales? 5
Video products seen strong in '82 5
Pioneer merges, new firm created 6
Car stereo a status symbol again? 13
King of Video on the move 16
Sampo targets '82 sales growth 17

MAJOR APPLIANCES



27

Gas-grill sales heat up at retail 27
Caloric, Modern Maid marketing plans 27
Refrigerators: a market analysis 29
Plugging In by Lois Panosh 30
Toshiba expanding appliance line 30
Blood 'Speaks Out' on gas grills 34

RETAIL MANAGEMENT

35

NARDA Retail Index shows gains 35
Housewares buyers are optimistic 35
Spring catalogs' appliance offerings 35
My Way by Art Weinberg 39
How dealers advertise housewares 40
Transition: from supplier to dealer 42

Cover photograph by Rick Barrick.

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CONSUMER ELECTRONICS

MART
MARCH 1982

Will RCA price cut spark disc sales?

RCA cuts player tag to $350 as VHD groups gets ready to roll and Discovision pulls out

As expected, RCA Consumer Electronics dropped the price on its video disc player last month—bringing the product down to the level many retailers had been selling it at anyway, $350. And Zenith quickly moved to match RCA's price cut for its own RCA-made CED player.

At the same time, dealers selling the non-compatible optical disc system were wondering what the takeover by Pioneer Electronics of all optical productions, coupled with N.A.P. Consumer Electronics' decision to buy its players from Pioneer would have on their sales.

And proponents of the VHD disc system were working out the final details for the planned launch of their players and software in June.

The RCA move, announced at the company's distributor meeting in Nashville in mid-February, was attributed to a rapid rise in consumer awareness of video discs; Jack Sauter, vice president and general manager, put that awareness level at 61 percent of the population, only 13 percent behind the video cassette recorder.

[Continued on page 10]

Flat-screen pocket TV set sold in Japan by Sony

A flat-screen pocket TV set with 2-inch screen went on sale in Japan last month by Sony Corp., with marketing in this country possible by the end of this year.

The black-and-white set, about the size of a pocket tape recorder, is being sold in Japan for the equivalent of about $240. The unit is only 1¼ inches thick, and includes a TV-sound switch so the user can listen to the audio portion of a broadcast without using up as much battery power (the set can operate on four AA batteries for 12 hours continuously using only the sound, or for 2.5 hours with both picture and sound on).

Also featured are electronic tuning, external-power jacks, and an earphone. A rechargeable battery is optional.

Volume up, margins down on audio tape

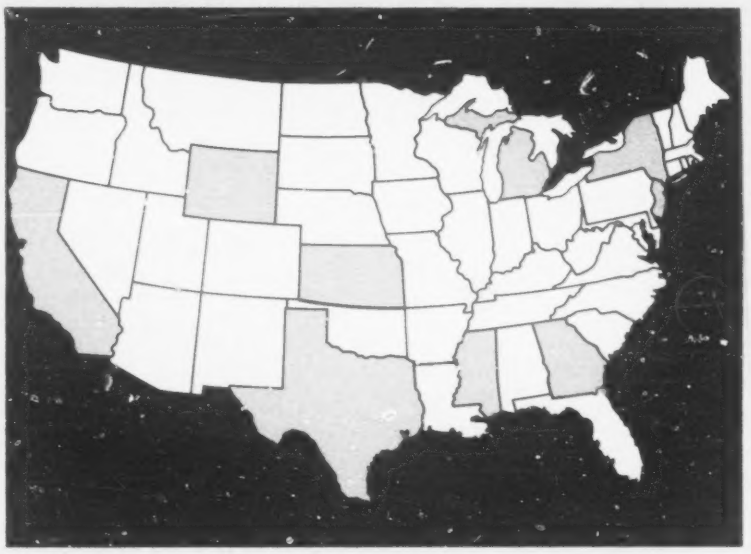
Blank video tape is no moneymaker, and guess what? Blank audio tape hasn't a sales margin to stand on either.

What moves audio dealers to sell blank tape is not so much its profitability as its marketability as a traffic-building drawing card. For a relatively minor investment, retailers can reach out to a price-conscious consumer by advertising the lowest tape prices in town, draw him or her into the store, and perhaps convert that shopper into a regular customer.

Audio dealers interested in making some money will often carry a line they can discount to shreds, but also carry a less widely distributed, more esoteric label such as Nakamichi or Akai. This second category is also more of a demand sale. Customers interested in purchasing a high-end branded tape, the retailers told MART, are often more sophisticated shoppers, have specific uses in mind, and are not above paying a premium for a manufacturer's name.

Unit-sales-wise, blank audio cassettes are moving extremely well, although said Bruce Cullom, president of Sound Towne, Texarkana, TX, "I've read in the trade press that audio is not doing so well. It's true that video is creating the excitement in the market—it's hard to

[Continued on page 20]



Video dealers have profit woes too

For those retailers hoping for measurable margins on blank-video-tape sales, the message from the marketplace is: "Don't hold your breath!"

In the current buyer's market, a retailer has two choices: cut the price to within a point or less of what he or she paid for it and hope that the customer can be encouraged to spring for other, more-profitable items, or boost margins to 15 or 20 percent and sell appreciably less tape and perhaps forfeit some traffic.

"It's a whore's market out there price-wise," Doug Charles, general manager of The Video Store, Clifton, NJ, complained. "But business is phenomenal. The industry is wrong when it says people are only buying a couple of blank tapes for their machines: we're finding that people buy at least two to three cases of 10 or 12 over the course of a year. We move blank tape at a rate of one or two gross a week!

"But," he underlined, "we don't make money on it. Maybe we make a couple of dollars on it, but no more than 50 cents to $3 per tape."

[Continued on page 22]

Video-hardware sales charge ahead despite recession

Record industry sales are forecast for most video hardware categories as the consumer keeps on spending

The economy may be in the doldrums and sales of other consumer electronics products such as audio still sluggish, but video products—from traditional color TV to projection TV to video cassette recorders—are charging along in sales as if the consumer had never heard of the word "recession."

Each of those three product categories registered record industry sales last year, and each is expected to top that record by the end of 1982. And despite some questions about the disc player's place and/or strength in the video mix, sales of other video units appear to be going nowhere but up for the remainder of this year (for more on the outlook for video disc player sales, see related story on this page).

Video cassette recorders, for example, pegged as "the fastest growth product of the industry" by Panasonic President Ray Gates and others, reached 1.36 million units last year and are projected by most suppliers to hit the 2-million-unit mark by the end of this year.

Industry color-TV sales, which topped 11 million units for the first time in 1981, should nudge slightly above that point this year, perhaps reaching as high as 11.5 million units, according to a consensus of manufacturers. And projection TV is expected to grow by as much as 50 percent over last year's 121,650-unit volume.

How is this industry resisting the recession? "I don't think there's a business in the world that's totally recession-proof, not even the oil business," commented Joe Lagore, president of Sony Consumer Products. "But we are selling basically to an upscale consumer who is willing to buy in any kind of economic climate as long as we have products that provide consumers with new technological excitement and entertainment enjoyment.

"Of course, we would be looking for even faster growth if it weren't for the national economic climate," Lagore added. "But the present recession certainly hasn't scared off consumer electronics buyers."

Agreed Jack Sauter, vice president and general manager of RCA Consumer Electronics, "The consumer electronics business, and video products in particular, is clearly a major growth industry in the American economy, both near-term and for the future."

As for video products specifically, Sauter said, they should "move ahead quite dramatically in the second half of 1982 as the consumer benefits from gains in real purchasing power" generated by the planned tax cuts and other economic measures.

Until then, Sauter and others indicated, video sales may be somewhat soft, but possibly as early as May and certainly by July an acceleration at retail should be evident.

Video cassette recorders, which rose 69 percent in sales last year over 1980 industry totals, are now at nearly 4-percent saturation, and have overcome any consumer-education problems they might have had in the past, according to Dick O'Brion, executive vice president of U.S. JVC Corp.

"This past year could well become noted for the total acceptance of VCRs by

[Continued on page 14]

Consumer Electronics

Video-hardware sales charge ahead despite recession

[Continued from page 5]

the American consumer," O'Brion noted. "Questions no longer center on whether VCR technology is for real, but what options are available at what price."

Seen as making especially strong gains this year are portable VCRs—projected by RCA's Sauter and others to double in unit sales in 1982—and video cameras, which could hit the half-million-unit mark this year.

VCR pricing, however, subject to sharp cuts at retail during 1981, is likely to be rocky again this year, at least for the next few months.

"The VCR business was destructive to margins in the last three months of 1981," Ken Thomson, vice president of sales for Magnavox, told MART. "I expect that a certain amount of inventory-balancing has to occur now during the first quarter, but the business should settle down in the second quarter and be reasonably stable in the second half.

"Pricing should stabilize then," Thomson continued. "But we're anticipating a 5-percent decrease in the average price of a VCR from what it was sold at in 1981, and most of that will come from the dealer's margin."

Another product that made great strides last year in consumer awareness is the projection TV set, pegged for strong growth over the next five years following the 50-percent gain anticipated for 1982 on top of the 112.9-percent increase achieved in 1981. Most suppliers agree, in fact, that last year's projection sales could have been even higher if high interest rates and tight credit availability had not hampered consumer purchasing.

"But the consumer has learned to live with high interest rates—we've already seen the worst-case situation in the last several months," commented Henry Kloss, president of Kloss Video. "In the beginning, 85 percent of projection sales were on credit—now the credit volume is almost zero."

Dealer carrying charges are so high that stocking high-ticket items such as projection sets is difficult today as well, Kloss acknowledged. But, he added, "Projection TV is very much an impulse item, so I hope dealers keep some inventory—they really shouldn't run their inventories down to nothing."

Agreed Super Yamaguchi, newly named chairman of Mitsubishi Electric Sales Co. of America, "We're at a point now where only four out of 20 sales a dealer takes to a finance company may be approved. But with saturation just passing the 1-percent mark, the product is gradually penetrating to the average consumer, and sales performance has been good."

And what about projection-TV pricing? "I don't see any drastic changes," Yamaguchi said. "The price per value will come down, but I think the $3,000 to $4,000 price range will stay."

Kloss, however, commented, "I think most sales will be closer to $2,000 than $3,000. We won't have a calculator-type price drop, but I think the bulk of the business will be down close to $2,000 in the next couple of years."

And if prices are coming down, so is the projection set's size, easing another drawback. Magnavox's Thomson told MART, "I think 1982 will be the breakout year for projection. New compact units coming this year, including one from us in late summer, will have a definite impact on the consumer. At that point he or she will see a good picture on a projection set with an acceptable size and profile. From that point on projection-TV sales could conceivably double every year."

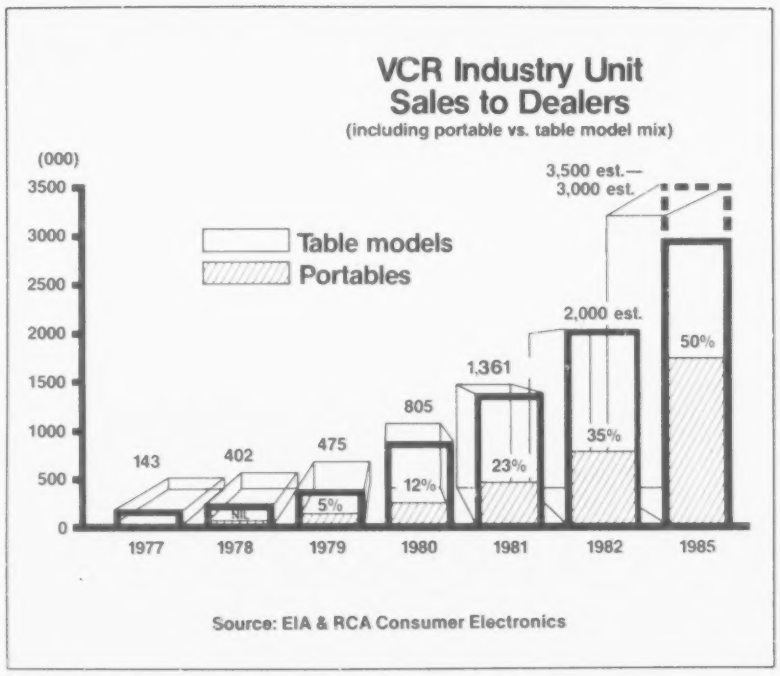
As for color TV, the industry's bread-and-butter product, 1982 looks good as well, with impressive volume seen coming in remote-control models especially.

Even black-and-white TV, the one video category that slipped (by 11.8 percent) in sales last year from 1980, should remain in the 5- to 6-million-unit range for the year, with battery portables, especially combination models, seen by most TV manufacturers as particularly strong this year and for several years to come.

Bill Webber, general manager of General Electric's television operation, for example, commented, "I wouldn't be surprised if mini-combo models represent from 30 to 40 percent of the under-10-inch TV market by 1985, driven by the insatiable appetite we all have for more entertainment and information."

As for traditional color TV sets, Webber added, "I see no short-range decrease in retail sales despite color's high saturation. Actually, household saturation is meaningless now—we're talking about people saturation: how many sets per person in the family? I think the color TV industry will definitely continue to grow and have burgeoning sales for the next several years at least." ■

CATHY CICCOLELLA



Source: EIA & RCA Consumer Electronics

Clarion downsizes line, reports 25-percent gain

Clarion Corp. apparently believes the old adage that good things come in small packages: the firm has revamped its entire car stereo offering, and is now marketing a downsized line of mini and compact models.

"Our largest chassis is now under 5 inches deep," explained Fred Deutsch, Clarion's vice president of marketing and product planning. "This means our largest chassis is smaller than many of our competitors' 'mini' chassis. And we're not charging a price premium for the smallest units, like some other companies."

Deutsch said some of Clarion's prices have been reduced; other models continue at the same price levels but with additional features.

"During the last year this company successfully increased our sales 25 percent, expanded our dealer base, and restructured our retail prices," the Clarion vice president added. "We feel we're right on target for today." ■

Newswatch

Sales of digital audio players to consumers should reach between $170 and $200 million by 1989, according to a recent study by Venture Development Corp. However, a format struggle could have an adverse effect on sales growth, the study warns . . .

A new entry in consumer electronics marketing is **DPM Enterprises,** founded by Phil Baird. The new firm is now offering a line of five rechargeable radio and cassette players with headphones, priced from $50 to $120, as well as portable radios; next fall it will have additional compact radios featuring a micro and standard cassette in one unit. DPM is also private-labelling the Crosley and Del Prado names to retailers across the country . . .

Mura is aiming to be the leader in stereo-headset sales by the end of this year, according to principals Mort David and George Hardy. In the last two years, the firm is said to have grown 300 percent, and it estimates its retail network will include about 20,000 stores by 1984. This year Mura is expanding its mini-headset line from four to 11 models . . .

Paramount Home Video is now offering its distributors a 'market development fund,' available to be used by dealers on a 50-50 sharing basis for retail ads, dealer fairs, brochures, and so forth . . .

From now on, MCA Videocassette will release all programs capable of stereo sound on **stereo video cassettes . . .**

Sony Tape Sales Co. reported over 800 stores are participating in its Rod Stewart's 'Le Grand Tour of America and Canada 1981/82' by offering its limited edition Rod Stewart poster to fans against the purchase of six Sony audio tapes of any length . . .

Adcom has introduced the GFA-2 power amp to its line of electronics. The new unit offers 100 watts per channel and will list for $360 . . .

MART MONEY MAKER

'To be successful in audio, a dealer has to be aggressive and keep his or her store name visible, through newspaper or radio advertising. Radio is popular now because it is not as costly as other media.

'Also, retailers should take advantage of what a manufacturer can offer. All too often, retailers don't take advantage of what's buried in a manufacturer's files, such as P.O.P. materials, contest ideas, and promotions. Every little bit helps in a crisis economy.'

—Bob Schindhelm, Marketing Services Manager, ADC/BSR Group

MAJOR APPLIANCES

Modern Maid, Caloric sales still separate

Manufacturing for the two brands has been consolidated, but marketing will not be merged

Caloric and Modern Maid appliances will continue to be marketed as two separate and distinct brands, despite consolidation of manufacturing of the two lines at Caloric's Topton, PA, facility.

That's the word from Caloric President Ray Dowling and Marketing Vice President Ed Herrelko, who told MART in an exclusive interview that the two brands will retain their different identities and market niches once the Chattanooga, TN, Modern Maid operation is closed down this fall.

[Continued on page 28]

Coming in April

The April issue of MART will present our third annual **consumer survey of microwave oven owners.** Nearly 3,000 microwave owners have been questioned about where they shopped, how many stores they shopped, what features they wanted, how often they use their microwave oven, and how many and what accessories they have purchased.

Hotpoint offers program on 20 models

Retailers selling Hotpoint major appliances are being offered substantial promotional allowances on selected refrigerators, ranges, washers, dryers, dishwashers, and microwave ovens.

The 1982 merchandising program is built around 20 models from the Hotpoint line of 270 models. Individual dealers select 13 of the 20 units offered.

The "Value Dealer Program" allows the dealers to offer top-end featured products at middle-of-the-line prices. The units offered are "the volume movers with features consumers want," according to Hotpoint.

Mike McDavitt, manager of merchandising operations, said the bonus advertising and merchandising funds can be used to finance such promotions as instant cash rebates, no finance charge to consumers or 12.9 percent retail financing or less, free extended service contracts, and premium offers.

The "Value Dealer Program" also offers toll-free numbers for ordering parts and sales promotion materials and for scheduling service; a protection plan should Hotpoint change prices or make promotional allowances during the year; volume rebates; and inventory financing.

Approximately 2,000 Hotpoint dealers in 37 cities across the country heard about the program first-hand via a live, closed-circuit satellite video conference that originated at company headquarters in Louisville in January. ■

Gas grill sales accelerate into mass market as saturation passes 10 percent point

The American family's love affair with barbecued food continues to expand the outdoor cooking-appliance market. More than 11 million outdoor grills—gas grills, electric grills, and charcoal grills—were sold in 1981.

For appliance retailers the gas grill has become a big-volume, big-ticket item. Sales are approaching 1.5 million units a year, and some manufacturers expect sales to pass 2 million units a year within two years.

At the same time, the average price paid for gas grills continues to rise. This year the gas grill industry will reach almost $300 million a year.

The market is broadening. Market saturation has passed the 10 percent point, historically the point at which sales of appliances can be expected to accelerate into the mass market. Market penetration could eventually reach 40 percent.

Sales are becoming somewhat less seasonal, as well. Although sales are still heaviest in April, May, June, and July, more retailers are reporting success with pre-season and post-season sales.

For the full report on the gas grill market, see page 33. ■

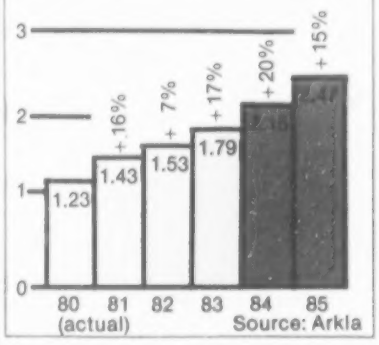
Most retail sales are made from April through July, but replacement sales will lengthen the season. This grill is from Arkla. **Write in 425.**

Gas grill sales by fuel type

	Percent Natural gas	Percent LP gas
1971	89%	11%
1972	89	11
1973	64	36
1974	56	44
1975	56	44
1976	42	58
1977	37	63
1978	29	71
1979	22	78
1980	12	88

Source: Arkla

Projected gas grill industry growth (millions of units)



Barbecue grill industry sales

Source: Arkla

	1976	1977	1978	1979	1980
Gas grills	860,000	1,050,000	1,176,000	1,327,000	1,230,000
Electric grills	125,000	140,000	144,000	136,000	132,000
Charcoal grills	8,159,000	9,328,000	9,750,000	9,635,000	10,080,000
Total	9,144,000	10,518,000	11,070,000	11,098,000	11,572,000
Gas grill percent of total	9.4%	10.0%	10.6%	11.9%	10.6%

Gas grill purchases by size 1977 to 1981

	1977	1978	1979	1980	1981
Tabletop units	1%	1%	1%	1%	2%
Small (less than 250 sq. in.)	8	10	15	9	13
Standard (251 to 325 sq. in.)	30	43	42	39	39
Large (326 to 500 sq. in.)	59	41	40	42	40
X-large (over 500 sq. in.)	2	5	2	9	6
	100%	100%	100%	100%	100%

Source: Arkla

Gas grill sales continue to grow, dollar volumes approach $300 million

Sales are nearing 2 million units a year, saturation could eventually reach 40 percent of all U.S. households

Depending on who is doing the talking, industry experts expect sales of gas grills to: a) explode through the roof now that market saturation has passed 10 percent; b) level off because of the depressed economy and more careful consumer spending; or c) drop, as charcoal and electric grills capture a bigger share of the outdoor cooking business.

Sales of gas grills in 1981 reached more than 1.4 million units. At an average retail price approaching $200, the industry has reached almost $300 million a year in retail sales. These figures compare with 1981 sales of more than 10 million charcoal grills with a retail dollar volume less than $200 million.

According to Robert Senn, vice president marketing for the Structo division of King Seeley Thermos, gas grills are the single largest growth category for retailers in the cooking-appliance industry. Senn expects industry sales to reach 1.7 million units in 1982 and two million units in two years.

John Waring, vice president of sales and marketing, Neosho Products, a division of Sunbeam, estimates that gas grill market saturation now stands at 10 to 15 percent and that the market has the potential to eventually reach 40 percent of all U.S. households.

William Fox, president of Charmglow contends "Charcoal grill sales have leveled off, whereas gas grill sales are on the increase with a major rise anticipated for spring and summer, 1982."

Tom Ogan, merchandise manager of Arkla Industries, gas grill division, reports demographic studies indicate that in addition to the 30- to 50-year age group, sales to younger and older consumers are now growing rapidly, too. Today's gas grill customer can come from almost any sector of the economic scale, he said.

As the business grows, the sales season lengthens, too. Most sales (about 80 percent) are made in April, May, June, and July. But some retailers are finding that both pre-season and post-season sales can be a profitable business.

According to Robert Senn of Structo, gas grills are becoming more of a 12-month business. "Sometimes, almost by accident, a retailer discovers that he or she can get extra sales by extending the season. If a retailer has product left at the end of the season, he might run a special end-of-season sale in August. If the sale proves successful, he will feel some pressure to match his results the next year, and he may even expand his post-season sale. In some regions of the country, retailers are also successful with Thanksgiving promotions and pre-season sales," he said.

The growing number of replacement sales are cited as another factor in the lengthening of the sales season. Many replacement customers will wait for the special prices during pre-season and post-season sales.

Most manufacturers estimate the replacement market at about 10 percent. But according to John Waring of Neosho Products, if charcoal grills are added to the equation, 75 percent of the gas grill market is replacement sales. Most gas grill owners are charcoal graduates.

Dale Bard, director of marketing, Falcon Manufacturing, told MART that the more replacement sales made, the more customers will step up to full-featured, top-of-the-line gas grills. "There is a tremendous opportunity for the retailer with trained sales personel to step-up the second time buyer. With the economy the way it is, more and more consumers are staying at home rather than taking expensive vacations. And a top-end gas grill can add to any vacation-at-home," he said.

Many of today's replacement customers are trading in low-end gas grills that may have worn out after a season or two. These customers are pre-sold—they know what a gas grill can do and seem willing to step-up to larger, more fully-featured units, usually models with dual burners and automatic ignition. Manufacturers report that sales of compact units have picked up, too. In many cases these are portable gas grills used away from home as second units.

As market saturation increases and replacement customers become a larger factor in the business, the market is shifting upward. The average price paid per unit continues to rise. The key promotional area has shifted away from the $99 single-burner model, and now is the $149 dual-burner unit.

According to Robert Senn of Structo, the key price points in the gas grill market today are $179 and $199. He told MART that the average price paid at retail in 1981 was about $190.

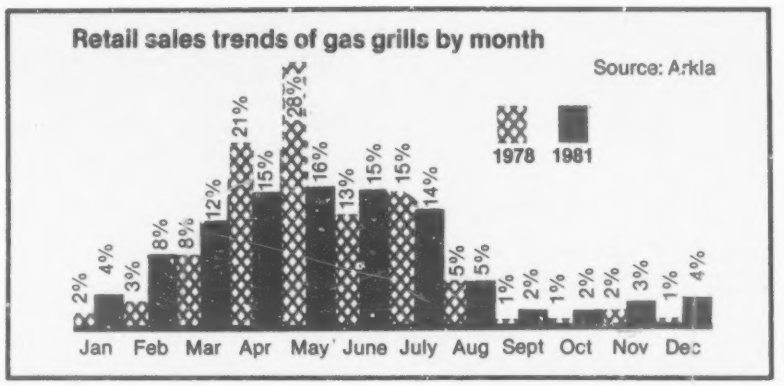
Tom Ogan of Arkla agrees that the most important price points in the market are $179 and $199, up from $99 just a few years ago. Ogan believes that more than 80 percent of the market falls between $129 and $299.

John Waring of Neosho Products confirms the $99 promotional model as becoming much less common. The key retail price points today are $149, $169, and $189; $169 is the key price for units with automatic ignition, and $229 is a popular step-up price, Waring said.

There has also been a shift in where gas grills are sold. Ten years ago, when the product was first introduced, most gas grills (more than 80 percent) were sold through gas utility companies. About 20 percent of the market was sold through major appliance outlets and by private label department stores.

In 1981, only about 12 percent of all gas grills were sold by gas utilities. The bulk of gas grill sales are now made through private-label department stores, mass merchants, major appliance stores, and home-center stores.

The gas grill market has reached a saturation of more than 10 percent—historically a penetration point at which sales can be expected to accelerate into the so-called mass market. The market will continue to expand, but because of outside factors affecting both the economy and consumer spending, manufacturers have scaled down their 1982 growth predictions. Sales will be up, but by 10 percent or less, getting back on the fast track again in 1983. ■ **John Foster**
Senior Editor



Gas grill sales by region

	1979	1980	1981
Eastern	43.0%	40.0%	44.5%
Southern	20.0	18.5	21.0
Midwest	22.0	27.0	21.0
Western	15.0	14.5	13.5
	100.0%	100.0%	100.0%

Source: Arkla

Type of retail outlets selling gas grills 1970 vs. 1981

1970		1981	
Private brands	8%	Private brands	27%
Mass-merchants	1	Mass-merchants	21
Home centers	0	Home centers	12
Catalog showrooms	0	Catalog showrooms	5
Appliance & specialty stores	9	Appliance & specialty stores	17
Utilities (nat. & LP)	82	Utilities (nat. & LP)	12
Department stores	0	Department stores	6

Source: Arkla

Growth forecast for the electric grill market

While the gas grill market represents a large and growing sales opportunity for retailers, in terms of unit volumes it is overshadowed by the charcoal grill. And in terms of long-range growth potential at least one manufacturer feels that the gas grill will take a back seat to the electric grill over the next few years.

According to Edward Mackin, president of Maverick Industries, electric grill sales reached 200,000 units in 1981, thus becoming a real growth category. Mackin told MART that the portable charcoal grill and the electric grill are the major growth areas in the outdoor cooking-appliance business. He predicts that by 1984 sales of electric grills will reach 600,000 to 700,000 units a year.

Maverick recently introduced a line of electric grills with high-tech styling priced from $89 to $299. The company plans to enter the gas grill market in August, according to Mackin.

RETAIL MANAGEMENT

Giant chains are the competition: Harvey Rose

The head of Microwave Cooking Etc. feels independent dealers shouldn't be fighting each other

"I want you to understand who I hate, and why. It's Sears I hate . . . it's Penney's, and it's Ward's. It is not the independent dealer down the street from me."

That's how Harvey Rose, head of the 80-store Microwave Cooking Etc. franchise group, views his competition for the microwave-oven sale. Why does Rose feel this animosity for his giant retail competitors? Speaking during a seminar for retailers at the recent Winter Consumer Electronics Show, he explained, "I hate them because those big sons of guns don't care about you and me. They just want to sell high-profit fashion merchandise, or, if it's a catalog store, high-profit jewelry, and they will sacrifice the product which you and I sell for a living."

Rose said he has developed a means of fighting the giants.

As an example: Sears several years ago started to sell touch-control microwave ovens at $399 when Rose was paying $415 for virtually the same model. This year, J.C. Penney "re-invented the wheel and is selling touch-control units for $299," Rose said.

"I have to react to this pricing," he declared. "To fight the 'big boys,' I have to get into the newspapers with a value at least as good as theirs, which means I have to offer ovens at pricing usually 12 cents over cost. But if I sell too many of those ovens I'm out of business. So I must do something else—I'm going to show that advertised product to the consumer and tell him or her how good it is, and I'm going to give a wonderful sales pitch for the product."

Once Rose gives the "wonderful sales pitch" on the promotional model, he leads the customer to the top-of-the-line model. Referring to the promotional

[Continued on page 43]

NARDA's Retail Index shows six products gained

But 13 other product categories showed declines in margins during 1981, NARDA says

Sales increases in six product categories with declines in 13 others was the reading for independent retailers last year, according to final 1981 figures from the computerized NARDA Retail Index.

Consumer electronics products set the pace with sales improvements in four out of eight products, with only two major appliances (of 11) showing gains, reversing the year-ago pattern when four appliances and only one brown goods item, video cassette recorders, reported gains.

Leading the "hit parade" again, not surprisingly, were video recorders, with a 56 percent sales increase for the year, according to the NRI data.

Two appliances followed—microwave ovens with a 10 percent rise and air conditioners, up 6 percent. The top three items had also set the pace in 1980. Showing slight, 1 percent gains each were color TV portables, console TV sets, and tape recorders, all of which had been off slightly the previous year.

On the downside in 1981 were refrigerators and gas ranges, each down 2 percent; washers and radios, each down 4 percent; electric ranges and vacuum cleaners, each down 5 percent; dryers and freezers, each down 6 percent; dishwashers and audio components, each down 7 percent; black-and-white TV portables, down 12 percent; disposers, down 13 percent; and stereo consoles, down 19 percent.

Video recorders, color consoles and portables, microwave ovens, gas ranges, and vacuum cleaners closed the year on the upbeat, with gains in December over the same year-ago month.

Based on December data, six products showed improvement in gross margins. Included were audio components, whose 32.6 percent reading (up from 30.6 percent a year earlier) continued to rank at the top; and video recorders, whose 18.0 percent gross margin, although improved from 16.7 percent, still ranked only 18th among the 19 appliance/electronics categories.

Other gross margins, with those showing improvement being noted: stereo consoles, 28.4 percent; tape recorders, 27.8 percent; disposers, 26.4 percent (up); gas ranges, 26.1 percent; radios, 26.0 percent, electric ranges, 25.8 percent (up); dryers, 25.7 percent (up); washers, 24.4 percent; dishwashers, 23.6 percent; and freezers, 23.5 percent.

Also, color TV portables, 23.0 percent (up); refrigerators, 23.0 percent; vacuum cleaners, 22.3 percent; color TV consoles, 22.2 percent; black-and-white TV portables, 22.1 percent (up); microwave ovens, 22.1 percent; and air conditioners, 17.9 percent. ■ JACK BLOOD

Six products improve in gross margins

Audio components	32.6%
Video recorders	18.0
Electric ranges	25.8
Dryers	25.7
Color TV portables	23.0
Black & white TV portables	22.1

Source: NARDA

Housewares buyers now feel optimistic

"We must start to think upbeat," feels Kenneth Mann of Macy's in San Francisco. "Everybody is tired of pessimism. I heard a lot of optimism around the Housewares Show."

Mann's thinking was reflected by many electric housewares buyers and merchandisers attending the recent National Housewares Manufacturers' Assn. exposition. Some, however, asked, "Aren't we whistling in the dark?"

Housewares buyers generally said they ended 1981 with "low" inventories as a result of last-minute Christmas business. Most were at the show looking for innovative products, "deals," and close-outs to help create store traffic and to aid them in their 1982 profit pictures.

For the most part, these buyers told MART, they were disappointed. What they did find in small appliances were more rebates.

Irv Feuerstadt, merchandise manager

[Continued on page 45]

How the spring catalogs are selling major appliances

Sears, Montgomery Ward, and Penney all show higher prices in their new spring/summer books

A model-comparison chart in each product category has made shopping for major appliances easier in the newly issued spring/summer catalog of Sears, Roebuck and Co.

But higher pricing is evident on virtually all appliance models, not only in Sears' summer catalogs, but also those from Montgomery Ward and J.C. Penney.

Product highlights in the Sears catalog include new room air-conditioners with solid-state controls, a feature introduced earlier in its refrigerator, laundry, dishwasher, and range lines, most of which are now higher-priced.

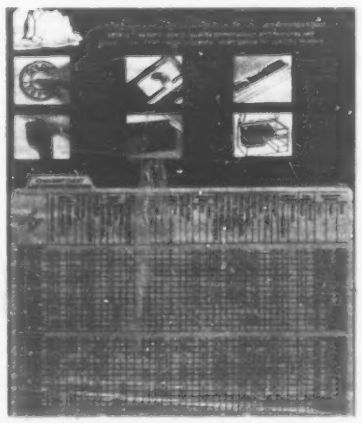
The 25.7-cu.-ft. side-by-side refrigerator with solid-state monitor, introduced in the summer book at $1449.95, is now $200 higher; the touch-control washer, now listing at $599.95, is $40 higher, as are the companion gas and electric dryers; the undercounter dishwasher is also $40 more, at $529.95; the portable dishwasher is up $50, at $569.95; and the solid-state touch-control gas range is $50 more, at $749.95.

In refrigerators, where the Sears comparison charts list no fewer than 36 models, prices are $100 to $110 higher on the five carryover models in the 17-cu.-ft. top-mount area, the most heavily represented sector. These now list from $699.95 to $799.95, including at the latter price a "high efficiency" 17.1-cu.-ft. unit "that could cost $220 less to operate over 10 years than our standard model of comparable size," as a Sears energy blurb puts it. A sixth top-mount in that category, a 17-cu.-ft. model with textured steel doors, is new at $569.95.

Also new from Sears is a 5.7-cu.-ft. side-by-side compact refrigerator, listing at $469.95.

"Kenmore freezers are America's best-selling freezers," says the heading over Sears' comparison chart listing of 15 chest freezers (from 5.1 to 27 cu. ft.) and 14 upright models (6 to 31.1 cu. ft.), with pricing up $20 to $50. A new model is a space-saving 28-inch wide, 15.1-cu.ft. upright at $419.95.

Higher pricing is evident on the 33-model air conditioner line—up from $15 on the 4,000 Btu leader (now $179.95) to $90 on the largest-capacity 29,000 Btu model ($819.95).



Sears offered a chart so consumers could compare freezer models.

[Continued on page 36]

New products, services available from NARDA

Expanding sales to related products and services boosts profit margins for many NARDA retailers

A number of new products and services are available that the retailer should consider, if he is not already involved with them, according to speakers at the recent National Assn. of Retail Dealers of America convention in Las Vegas.

Among these emerging categories are furniture, kitchen cabinets, and personal computers. Mail-order rental of video movies and sales of service contracts were also cited as areas with growth potential.

Several dealers who have taken on

[Continued on page 44]